

Message Text

UNCLASSIFIED

PAGE 01 LONDON 02524 01 OF 03 191615Z

43

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01

/115 W

----- 096518

R 191605Z FEB 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8427

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

UNCLAS SECTION 01 OF 03 LONDON 02524

PASS AGRICULTURE

GENEVA FOR GATT

E.O. 11652: N/A

TAGS: EAGR, UK

SUBJECT: UK REACTION TO EC FEBRUARY 13 COUNCIL OF
AGRICULTURAL MINISTERS' DECISIONS

REF: EC BRUSSELS 1275, FEBRUARY 13, 1975

BEGIN SUMMARY THE UK REGARDS THE RESULTS OF THE
FEBRUARY 13 EC COUNCIL AS A STEP FORWARD IN THE PROCESS

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 02524 01 OF 03 191615Z

OF EC RENEGOTIATION - BUT ONE FOR WHICH BRITAIN HAD TO

PAY A PRICE. IN A STATEMENT TO THE COMMONS, AGRICULTURE MINISTER PEART STRESSED HIS SATISFACTION OVER THE UK'S RETENTION OF PREMIUM PAYMENTS FOR BEEF SUPPORT, WHICH HE CALLED "A MAJOR REFORM OF THE CAP." UK PRESS COMMENT ON THE BRUSSELS PACKAGE WAS LESS ENTHUSIASTIC. PEART ACKNOWLEDGED THAT THE DEVALUATION OF THE GREEN POUND - WHICH WILL INCREASE THE COST OF FOOD IMPORTED FROM THE REST OF THE EC - HAD TO BE CONCEDED IN ORDER TO RETAIN THE BEEF PREMIUM SYSTEM. HE ANNOUNCED THE NECESSITY OF INCREASES IN RETAIL MILK PRICES AND IN BUTTER AND CHEESE PRICES. THE LATTER TWO MAY POSSIBLY BE OFFSET BY HIGHER CONSUMER SUBSIDIES. END SUMMARY.

1. UK MINISTER OF AGRICULTURE PEART EXPLAINED TO HOUSE OF COMMONS ON FEBRUARY 17 HOW THE DECISIONS ARRIVED AT IN EC COUNCIL OF AGRICULTURE MINISTERS' MEETING IN BRUSSELS ON FEBRUARY 12-13 WILL AFFECT THE UK. AT THE SAME TIME HE ANNOUNCED THE OUTCOME OF THE UK'S OWN 1975 ANNUAL REVIEW OF AGRICULTURE BOTH FOR CAP AND NON-CAP COMMODITIES. THIS IS THE FIRST TIME THAT THE ANNUAL REVIEW HAS BEEN DIRECTLY LINKED TO COUNCIL OF MINISTERS' MEETING. THE MAJOR PART OF PEART'S STATEMENT ON EC DETERMINATIONS CONCERNED BEEF. HE EXPRESSED GREAT SATISFACTION IN THE CONTEXT OF UK RENEGOTIATION THAT THE BRUSSELS DECISIONS ALLOWED THE UK TO CONTINUE THE BEEF PREMIUM PAYMENTS SYSTEM AS AN ALTERNATIVE TO INTERVENTION. THE AVERAGE PREMIUM THROUGHOUT 1975-76 COULD BE AROUND 4.40 POUNDS PER LIVE CWT ON CLEAN CATTLE. PEART SAID THE COST WOULD BE L35 MILLION POUNDS AT THE MOST OVER THE YEAR OF WHICH THE COMMUNITY WILL CONTRIBUTE 47 MILLION POUNDS. PEART SAID, "THIS NEW SYSTEM HAS BEEN INTRODUCED ON OUR INITIATIVE. I REGARD IT AS A MAJOR REFORM OF THE CAP, IT GIVES THE PRODUCER AN ASSURED RETURN WITHOUT FORCING CONSUMER PRICES UP TO UNACCEPTABLE LEVELS AND WITHOUT BUILDING UP MOUNTAINS OF FROZEN BEEF. THIS IS THE RIGHT WAY TO GIVE SUPPORT." THE MINISTRY OF AGRICULTURE EXPECTS THAT THE EFFECT WILL BE TO MAINTAIN A GUARANTEED PRICE OF BETWEEN 22 POUNDS AND 23 POUNDS PER LIVE CWT.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 02524 01 OF 03 191615Z

2. THE OTHER MAJOR IMPACT OF THE BRUSSELS' DECISIONS IS CONNECTED WITH THE 2.5 PERCENT DEVALUATION OF THE GREEN POUND TO ONE POUND EQUALS 1.9618 UA. THIS MOVE IS GOOD FOR BRITISH FARMERS IN THAT THE AVERAGE 9 1/2 PERCENT PRICE RISE RESULTING FROM THE BRUSSELS' AGREEMENT IS INCREASED FOR THE UK BY A FURTHER 2.5 PERCENT. IN TERMS OF BRITISH CONSUMER PRICES, HOWEVER, THE SUBSIDIES ON UK IMPORTS OF CAP COMMODITIES WILL FALL. THIS SUBSIDY

REDUCTION WILL IN FACT BE OF 3.75 PERCENT SINCE THE EC
MINISTERS AGREED TO FOREGO THE FIRST 1.25 PERCENT OF
MONETARY COMPENSATORY AMOUNTS. THESE ADJUSTMENTS IN
THE STERLING/UA EXCHANGE RATE ARE MOST UNWELCOME TO
HMG BUT WERE THE NECESSARY PRICE TO BE PAID FOR THE
CONTINUATION OF THE BEEF PREMIUM SYSTEM.

3. THE 15 PERCENT RISE AGREED IN BRUSSELS FOR SUGAR
BEET RAISES THE UK PRICE BY NEARLY 30 PERCENT FROM

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 02524 02 OF 03 191629Z

43

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01

/115 W

----- 096741

R 191605Z FEB 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8428

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

UNCLAS SECTION 02 OF 03 LONDON 02524

JULY 1 NEXT FROM THE 1974 PRICE OF 9.67 POUNDS TO 12.46 POUNDS PER TON; SINCE JANUARY 1, 1975 THE UK RECEIVES THE FULL EC BEET PRICE.

4. THE ANNUAL REVIEW PRICE GUARANTEE INCREASES ANNOUNCED BY MINISTER PEART AT THE SAME TIME YESTERDAY RAISE THE GUARANTEED PRICE OF WHEAT BY 12.18 POUNDS PER LONG TON (31 PERCENT) ABOVE THE 1974 REVIEW GUARANTEE TO 51.80 POUNDS PER TON, OF BARLEY BY 11.07 POUNDS (31 PERCENT) TO 46.80 POUNDS PER TON AND OF OATS BY 10.40 POUNDS (30 PERCENT) TO 44.60 POUNDS PER LONG TON. THE PIG UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 02524 02 OF 03 191629Z

GUARANTEE GOES UP BY 15.5 PERCENT FROM 3.49 POUNDS PER SCORE DEAD WEIGHT (20 LBS.) TO 4.03 POUNDS PER SCORE AND THIS AWARD IS BACKDATED TO OCTOBER 28 LAST YEAR. THE PIG GUARANTEE, HOWEVER, TERMINATES ON JULY 27 NEXT AFTER WHICH A NEW REGIME COMES INTO OPERATION IN LINE WITH THE REMAINDER OF THE COMMUNITY WITH PRICES EXPECTED TO BE SIGNIFICANTLY ABOVE THE 4.03 POUNDS PER SCORE LEVEL.

5. ON MILK, THE GUARANTEE PRICE FOR THE YEAR FROM APRIL 1 NEXT WILL BE 34.75 PENCE PER IMPERIAL GALLON WHICH IS 5.01 PENCE (16.8 PERCENT) ABOVE THE AVERAGE PRICE GUARANTEE FOR 1974-75. THIS INCREASE, HOWEVER, TAKES ACCOUNT OF THE INTERIM AWARD ON MILK MADE LAST SEPTEMBER (SEE LONDON 12405) AND IS IN EFFECT ONLY 0.8 PENCE ABOVE LAST YEAR'S AMENDED PRICE. THE STANDARD QUANTITY ON WHICH THE PRICE GUARANTEE IS PAID GOES UP BY 50 MILLION IMPERIAL GALLONS. AS A RESULT OF THE MILK DETERMINATION, THE RETAIL PRICE OF MILK WILL RISE BY ONE PENNY PER PINT TO 6 PENCE ON STANDARD PASTEURISED MILK FROM MARCH 2. THE INTERACTION OF THE EC DETERMINATIONS, THE GREEN POUND DEVALUATION, THE NEXT STAGE IN THE TRANSITION PROCESS AND THE UK'S MILK SUPPORT MEASURES WILL ADD 6 PENCE PER LB. TO THE RETAIL PRICE OF BUTTER AND AS MUCH AS 4 PENCE PER LB. ON CHEESE IN MARCH. WHETHER THESE TWO LATTER PRICE INCREASES WILL BE OFFSET WHOLLY OR PARTLY BY INCREASED CONSUMER FOOD SUBSIDIES REMAINS TO BE SEEN.

6. MINISTER PEART ALSO ANNOUNCED INCREASED PRICE SUPPORT FOR THREE NON-CAP COMMODITIES, FAT SHEEP, WOOL AND POTATOES. THE FAT SHEEP GUARANTEE IS RAISED BY 6 PENCE PER LB. (20 PERCENT) TO 35.5 PENCE AND THE WOOL GUARANTEE BY 5 PENCE PER LB. (19 PERCENT) TO 31 PENCE. FURTHER ASSISTANCE IN THE SHEEP SECTOR IS PROVIDED BY A RISE IN THE HILL SHEEP SUBSIDY OF 60 PENCE PER EWE TO 2.85 POUNDS AT THE BASIC RATE.

7. THE GUARANTEE ON POTATOES GOES UP BY 6 POUNDS PER LONG TON (27 PERCENT) TO 28 POUNDS PER TON.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 02524 02 OF 03 191629Z

8. MINISTER PEART SAID OF BOTH THE EC AND DOMESTIC PRICE REVIEWS THEY "REPRESENTED A SETTLEMENT THAT IS GOOD FOR OUR FARMERS AND ALSO TAKE DUE CARE OF THE INTERESTS OF THE BRITISH CONSUMER." IT IS ESTIMATED THAT FOOD PRICES IN THE UK WILL GO UP BY 3.3 PERCENT AS A RESULT OF BOTH DETERMINATIONS OF WHICH 2 PERCENT WILL BE DUE TO THE BRUSSELS DEAL.

9. THE OPPOSITION SPOKESMAN IN THE COMMONS ON AGRICULTURE, MR. PYM, WELCOMED THE ARRANGEMENTS WORKED OUT FOR BEEF BUT QUESTIONED IF IT WAS A MAJOR REFORM. HE POINTED OUT THAT THE PROBLEMS OF THE POULTRY AND EGG SECTORS HAD BEEN IGNORED AND ASKED FOR THE BANNING OF IMPORTS OF FRENCH EGGS. IN RESPONSE MR. PEART REITERATED HIS VIEW THAT THE BEEF DEAL WAS A MAJOR BREAKTHROUGH AND SAID THAT NOTHING COULD BE DONE ON THE QUESTION OF EGG IMPORTS WITHOUT FURTHER HARD EVIDENCE. THE MINISTER WAS QUESTIONED IN A MORE HOSTILE MANNER BY THE FORMER NUMBER TWO IN HIS OWN DEPARTMENT, MR. NORMAN BUCHAN, A WELL KNOWN ANTI-MARKETEER. MR. BUCHAN SAID THAT THE WHOLE BEEF NEGOTIATIONS WERE AN UNNECESSARY EXERCISE IMPOSED BY BRITISH MEMBERSHIP OF THE COMMUNITY AND HE CLAIMED THAT THE DEAL COULD HARDLY BE SAID TO MAKE ANY PROGRESS IN RESOLVING THE PROBLEMS OF THE CAP AS LAID OUT IN LABOUR'S ELECTION MANIFESTO. PEART REJECTED BUCHAN'S CLAIM AND REPEATED THAT ANY MOVE WHICH PROVIDES AN ALTERNATIVE TO INTERVENTION IS A BIG ADVANCE.

10. THE NFU PRESIDENT HAS GIVEN A CAUTIOUS WELCOME TO THE COMBINED PRICE ANNOUNCEMENTS AND SAID THAT IT WOULD GO SOME WAY TOWARDS MEETING THE ESTIMATED 700 MILLION POUND ADDITIONAL COSTS WHICH BRITISH FARMING IS FACING.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 02524 03 OF 03 191620Z

43

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01

/115 W

----- 096645

R 191605Z FEB 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8429

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

UNCLAS SECTION 03 OF 03 LONDON 02524

BUT HE WAS DISAPPOINTED THAT THERE WAS NOTHING FOR
POULTRY, EGGS AND HORTICULTURE AND HE SAID NOT ENOUGH
WAS DONE FOR PIGS.

COMMENT MOST PRESS COMMENT ON THE PACKAGE BROUGHT BACK
FROM BRUSSELS BY MINISTER PEART DOES NOT SHARE HIS
ENTHUSIASM THAT A FURTHER SIGNIFICANT ADVANCE HAS BEEN
MADE IN BRITAIN'S RENEGOTIATIONS. ATTENTION IS BEING
DRAWN TO THE FACT THAT THE CONTINUATION OF THE BEEF
PREMIUM SYSTEM IS REGARDED IN THE REST OF THE COMMUNITY
AS NO MORE THAN A ONE YEAR EXPERIMENT. ATTENTION
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 02524 03 OF 03 191620Z

IS ALSO BEING DRAWN TO THE HEAVY COST WHICH BRITAIN'S
INSISTENCE ON CONTINUING THE PREMIUMS WILL INVOLVE FOR
THE UK EXCHEQUER. THE PRICE RISES IN THE DAIRY
SECTOR ARE ALSO EMBARRASING FOR THE GOVERNMENT AT A TIME

WHEN THE RETAIL FOOD PRICE INDEX CONTINUES TO RISE
RAPIDLY. A ONE PENNY INCREASE IN RETAIL MILK PRICES AND
6 PENCE PER LB. ON BUTTER ARE HARDLY LIKELY TO ENCOURAGE
AN AFFIRMATIVE VOTE IN THIS SUMMER'S REFERENDUM ON
BRITAIN'S CONTINUING MEMBERSHIP OF THE COMMUNITY. THE
ANTI-EC FACTION CAN BE EXPECTED TO MAKE MUCH OF THESE

PRICE INCREASES PARTICULARLY IF THE GOVERNMENT CHOOSES
NOT TO OFFSET THEM BY RAISING STILL FURTHER THE
CONSUMER SUBSIDIES ON DAIRY PRODUCTS.

SPIERS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURE, TEXT, GOVERNMENT REACTIONS, FOREIGN MINISTERS MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON02524
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750059-0329
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750232/aaaabcpi.tel
Line Count: 343
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 1275, 75 FEBRUARY 13, 75 1975
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2003 by BrownAM>; APPROVED <07 JAN 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UK REACTION TO EC FEBRUARY 13 COUNCIL OF AGRICULTURAL MINISTERS' DECISIONS
TAGS: EAGR, UK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006